Economic Outlook 2012
St. John's Metropolitan Area

2011 Performance

Real GDP in the St. John's Census Metropolitan Area (CMA) increased by 1.1% in 2011 mainly as a result of increased construction activity and widespread service-sector gains related to higher capital investment and higher incomes. In comparison, real GDP increased by 4.3% for the province as a whole. Provincial growth was primarily due to increased capital investment and a 22% increase in the value of mineral shipments, most of which is produced outside the St. John's CMA. In addition to an increase in construction activity, several industries within the CMA posted relatively strong gains, particularly: professional, scientific and technical services; finance, insurance, real estate and leasing; and wholesale and retail trade. During 2011, other economic measures, such as employment, housing starts, income, retail sales and investment remained strong.

Employment in the CMA increased 4.5% (or 4,500) to 105,400 in 2011. The labour force also increased notably (up 3.2% or 3,500) as robust economic conditions enticed more people to participate in the labour market and as significant net in-migration to the region continued. This was the fifth highest employment growth of all CMAs in Canada. Labour force participation reached an historical high of 70.0%. Since employment growth was greater than labour force growth, the unemployment rate decreased by 1.1 percentage points to 6.6%. Personal income increased 7.7% to $8.16 billion, driven by employment gains and wage increases. Growth in personal income, employment and population – in combination with high levels of consumer confidence – resulted in solid growth in retail sales. Retail sales increased 6.5% to $3.46 billion. Housing starts increased 5.9% to 1,923 units, the highest level since 1975.

In 2011, the St. John's CMA recorded its tenth consecutive annual population increase. Gains resulted from natural growth and net in-migration to the region. As of July 1, 2011 the population of the St. John's CMA was 196,222 – the highest level ever recorded.

Outlook for 2012

Real GDP in the St. John's CMA is expected to increase by 0.8% in 2012, in comparison to an increase of 0.1% for the province as a whole. Like the province, GDP growth in the St. John's CMA will be constrained by lower oil production. Oil production is expected to total 76.6 million barrels in 2012, down roughly 21% from its 2011 level. Without the dampening effect of lower oil production, the CMA's real GDP growth in 2012 would be 4.2%. Growth in construction activity and the service sector will continue to be supported by strong growth in employment and wages, increased support activities for major projects, and general consumer and business optimism.

Employment is forecast to increase 2.9% in 2012, driven mainly by gains in construction; professional, scientific and technical services; finance, insurance, real estate and leasing; and wholesale and retail trade. The unemployment rate is expected to edge up to 7.2% but remain low from a historical context as labour force growth is expected to outpace employment growth. Employment gains, in combination with increases in wages and salaries, are expected to boost personal income by 6.1%. Retail trade is expected to increase by 5.3% in tandem with income growth. Housing starts are expected to decrease 3.5% to about 1,855 units but remain high from a historical perspective maintained by strong population and income gains.

The population of the St. John's CMA is expected to increase 1.3% in 2012 to 198,869 due mainly to continued strong net in-migration.

St. John's Metropolitan Area 2011 – 12f

Economic Indicator	2011	2012f	% Change 2011-12
Real GDP (2002$M)	9,407	9,477	0.8%
Employment	105.4	108.5	2.9%
Labour Force	112.8	117.0	3.7%
Unemployment Rate	6.6%	7.2%	+0.6 pp
Participation Rate	70.0%	70.9%	+0.9 pp
Personal Income ($M)	8,158	8,658	6.1%
Retail Trade ($M)	3,458	3,642	5.3%
Housing Starts	1,923	1,855	-3.5%
CPI (2002=100)	121.3	124.0	2.2%
Population	196,222	198,869	1.3%

ST. JOHN'S
DEPARTMENT OF ECONOMIC DEVELOPMENT, TOURISM & CULTURE

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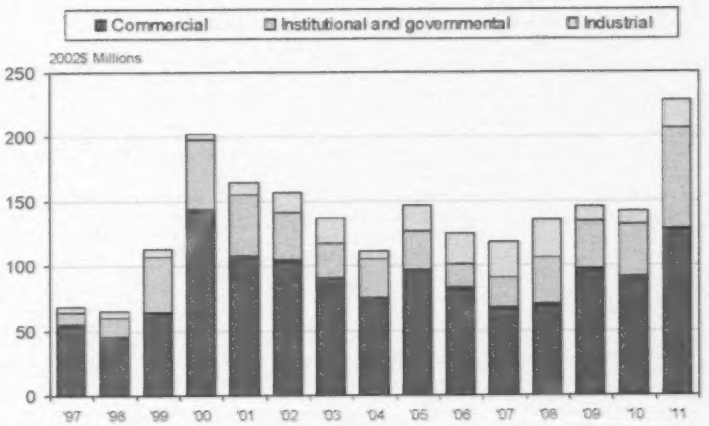
Special Feature — Non-Residential Building Construction

About 60% of total non-residential building construction investment in the province occurs within the St. John's CMA. Investment in non-residential building construction is based on building permit information and, as such, excludes expenditures on investments that do not require a building permit (e.g., bridges, roads, oil production facilities). Since 2007, annual real non-residential building construction investment in the St. John's CMA has increased by 93% from $118.4 million to $228.1 million.

Most of the growth within the St. John's CMA has actually occurred in the past year (+61.0%). The table lists the 10 CMAs with the strongest growth in real non-residential building construction investment in 2011. As indicated, St. John's ranked third. In 2011, commercial building investment within the St. John's CMA increased by 41.1% to $128.7 million; institutional and governmental increased by 93.7% to $77.9 million; and industrial increased by 109.3% to $21.4 million. Some examples of building construction in the St. John's CMA in 2011 include retail stores (e.g. RONA, Best Buy, Pet Smart, Pipers); car dealerships; residences at Memorial University; the replacement of the Hoyles Escasoni complex; and several significant office complexes (e.g. Fortis Properties Inc., East Port Properties Limited).

Investment, Non-Residential Building Construction, St. John's CMA



Source: Statistics Canada

Total Non-Residential Building Construction Investment ($2002 Millions)

Census Metropolitan Area	2010	2011	2010-11
Abbotsford-Mission, BC	$67.3	$116.9	73.7%
Thunder Bay, ON	$68.0	$113.3	66.5%
St. John's, NL	**$141.7**	**$228.1**	**61.0%**
Ottawa-Gatineau, Quebec part, ON/QC	$193.1	$308.3	59.6%
St. Catharines-Niagara, ON	$297.7	$456.0	53.2%
London, ON	$377.9	$517.9	37.0%
Guelph, ON	$151.8	$202.1	33.1%
Kitchener-Cambridge-Waterloo, ON	$713.1	$818.9	14.8%
Sherbrooke, QC	$166.0	$186.3	12.2%
Windsor, ON	$253.5	$272.8	7.6%

Source: Statistics Canada

Source: Statistics Canada, Economic Research and Analysis Division, Department of Finance **Note:** The St. John's Census Metropolitan Area is a Statistics Canada geographically defined area including St. John's and neighbouring communities.